

THE FOSCHINI GROUP LIMITED
Reg. No.: 1937/009504/06
Code: TFG
ISIN: ZAE000148466
("TFG" and "Group")

TRADING UPDATE FOR Q1 FY2022

SALIENT FEATURES

- Group turnover growth of 15,8% compared to Q1 FY2020;
- Strong performance from TFG Africa and TFG Australia with turnover growth of 26,8% (ZAR) and 32,7% (AUD) respectively, compared to Q1 FY2020;
- TFG London's trade since the re-opening of most outlets on 12 April 2021 has outperformed expectation across all three brands, with the business generating positive cash flow in Q1 FY2022;
- Cash turnover growth for TFG Africa of 55,5% compared to Q1 FY2020. Cash turnover now contributes 69,6% to total TFG Africa turnover;
- Encouraging like-for-like turnover growth for TFG Africa of 11,1% for May and June combined compared to May and June 2020**;
- Continued market share gains in the Mens and Womens categories according to the Retailers Liaison Committee (market share of 16% for Q1 FY2022, compared to 10% for Q1 FY2021);
- TFG Africa opened 71 new stores during the quarter while 29 stores were closed; and
- Group online turnover growth of 23,2% compared to Q1 FY2020, contributing 9,8% (Q1 FY2020: 9,2%) to total Group turnover.

** April has been excluded from this calculation as the majority of stores did not trade during April 2020 due to the South African government-enforced nationwide lockdown.

OPERATING CONTEXT

While the majority of the Group's outlets traded strongly during the past quarter, consumer spend, particularly for TFG Africa, remained muted as uncertainties around further COVID-19 outbreaks, extended lockdowns and the slow pace of the vaccine roll-out adversely impacted consumer confidence. In South Africa, the recent civil unrest has and will continue to impact consumer spend and business confidence especially where businesses' ability to trade has been hampered through the widespread destruction in the affected areas of KwaZulu-Natal (KZN) and parts of the Gauteng province for a few weeks in July 2021.

In TFG Africa, the third wave of COVID-19 infections resulted in South Africa returning to adjusted level 3 lockdown restrictions from 15 June 2021, adjusted level 4 lockdown restrictions from 28 June 2021 and then back to adjusted level 3 lockdown restrictions from 26 July 2021. In TFG Australia, further lockdowns and restrictions have impacted the business since the end of Q1. During the middle of July, over 50% of stores in Australia were closed or substantially impacted due to lockdowns as State Governments try to slow the spread of the COVID-19 Delta variant. The two largest States, New South Wales and Victoria, are currently the most affected and the lockdowns could continue well into August 2021 due to the growing number of cases in the community and low vaccination rates. TFG London's restrictions (in England, with the rest of the UK to follow) have now been relaxed from 19 July 2021. As a result of the rising case numbers in the UK and track-and-trace necessitating large numbers of people having to self-isolate, there remains a degree of caution.

Despite the challenges described above, the Group continues to invest for the long-term in line with its strategic priorities, while further strengthening its digital as well as local supply chain and manufacturing capabilities.

Because of the substantial impacts of the various government-enforced lockdowns in the previous financial year, financial comparisons in this trading update are provided against the first quarter of the 2020 financial year (i.e. April 2019 to June 2019), unless otherwise stated. This provides more meaningful comparative analysis of the Group's trading performance.

TFG AFRICA PERFORMANCE UPDATE

TFG Africa grew its turnover by 26,8% in Q1 FY2022 (compared to Q1 FY2020), supported by the significant contribution of Jet (acquired from September 2021). Excluding Jet, turnover grew by 4,4%* compared to the same quarter in FY2020 which was encouraging especially as trade continued to be disrupted during Q1 as noted above. All merchandise categories grew turnover during Q1 FY2022 compared to the corresponding period in FY2020, with the exception of the more discretionary spend categories of cosmetics and jewellery.

* Pro forma management account numbers used to calculate an indicative turnover growth

TFG Africa's like-for-like turnover growth (which by definition excludes Jet) has been particularly pleasing with growth of 11,1% for the combined months of May and June 2021 (compared to May and June 2020). April has been excluded from this growth as the majority of stores did not trade during April 2020.

The growth / (decline) in TFG Africa's turnover compared to the same period in both FY2020 and FY2021 in the respective merchandise categories was as follow:

Merchandise category	Q1 FY2022 vs. Q1 FY2020	Q1 FY2022 vs. Q1 FY2020	Q1 FY2022 vs. Q1 FY2021	Q1 FY2022 vs. Q1 FY2021	Q1 FY2022 Contribution to TFG Africa turnover
	Including Jet	Excluding Jet	Including Jet	Excluding Jet	Including Jet
Clothing	30,6%	4,3%	124,7%	79,5%	75,5%
Homeware	22,9%	13,9%	65,4%	53,2%	7,0%
Cosmetics	(13,2%)	(13,6%)	80,5%	79,8%	3,2%
Jewellery	(11,9%)	(11,9%)	198,4%	198,4%	4,2%
Cellphones	46,2%	18,0%	40,6%	13,5%	10,1%
Total TFG Africa	26,8%	4,4%	107,6%	70,9%	100,0%

Cash turnover for the quarter, contributing 69,6% to TFG Africa's turnover, grew by 55,5% compared to the same quarter in FY2020.

Credit turnover continues to be purposely restricted by stringent and reduced acceptance criteria in line with the prevailing economic conditions. Compared to the same quarter in FY2020, credit turnover declined by 10,8%.

Online turnover for the quarter grew by 163,2% compared to the same quarter in FY2020 and now contributes 3,0% to total TFG Africa turnover (Q1 FY2020: 1,5%).

TFG Africa opened 71 new stores during the quarter while 29 stores were closed. At the end of the quarter, TFG Africa traded from 2 971 stores, up from 2 929 at 31 March 2021.

TFG LONDON PERFORMANCE UPDATE

TFG London's outlets started trading again from 12 April 2021 in a phased approach after the end of the third national government-enforced lockdown, which started in January 2021. For the relevant three weeks in April, c.62% of outlets traded, while c.92% of outlets traded in May. In June, only one concession remained closed with all other outlets trading. On 15 May 2021,

Debenhams closed its doors for the last time, resulting in the closure of 55 locations and the cessation of their online trade.

While casual wear categories have shown improvement since the comparable period in FY2020, formal and occasion wear continues to lag as there are still several restrictions in place and work from home is still encouraged. However, we expect these categories to improve once people return to offices and city centres at the end of the European summer.

Online turnover from TFG London's own sites had strong growth of 12,4% compared to the same quarter in FY2020, while third party online channels decreased by 22,0% due to the closure of Debenhams and the slower recovery of the international markets that are heavily weighted towards third parties. The contribution of online turnover to TFG London's total turnover for the quarter was 47,4% (Q1 FY2020: 32,3%).

The growth / (decline) in TFG London's turnover compared to the same period in FY2020 and FY2021 was as follow:

	Q1 FY2022 vs. Q1 FY2020	Q1 FY2022 vs. Q1 FY2021
Retail turnover movement - GBP denominated	(35,9%)	103,6%

Pleasingly, throughout the current quarter and in July, TFG London has continued to outperform expectation across all three main brands.

TFG London opened 29 new outlets during the quarter, including 17 concessions, while 68 outlets were closed. At the end of the quarter, TFG London traded from 762 outlets.

TFG AUSTRALIA PERFORMANCE UPDATE

TFG Australia continued to exceed expectation with turnover growth of 32,7% (AUD) in Q1 FY2022 compared to the same period in FY2020. This performance was achieved despite intermittent snap lockdowns and restrictions in different states and regions, depending on the number of positive COVID-19 cases. In Victoria, 96 stores were closed in a full state lockdown for seven days, with a further 84 stores closed in metro lockdowns for another seven days.

Online turnover for the quarter grew by 59,0% compared to the same quarter in FY2020, now contributing 7,0% to total TFG Australia turnover (Q1 FY2020: 5,8%).

The growth in TFG Australia's turnover compared to the same period in FY2020 and FY2021 was as follow:

	Q1 FY2022 vs. Q1 FY2020	Q1 FY2022 vs. Q1 FY2021
Retail turnover movement - AUD denominated	32,7%	130,5%

TFG Australia opened 15 new outlets during the quarter, including 4 concessions, while 4 outlets were closed. At the end of the quarter, TFG Australia traded from 565 outlets.

GROUP PERFORMANCE UPDATE

Overall the Group delivered a strong performance during the first quarter with growth of 15,8% compared to the same quarter in FY2020 (excluding Jet 1,9%)*.

* Pro forma management account numbers used to calculate an indicative turnover growth

Online turnover continues to perform well with growth of 23,2% for Q1 FY2022 compared to the same quarter in FY2020. The contribution of online turnover to total turnover for the quarter was 9,8% (Q1 FY2020: 9,2%).

UPDATE ON IMPACT OF CIVIL UNREST

As a further update to the announcement on SENS on 16 July 2021, 198 South Africa stores are now confirmed as having been looted and damaged to varying degrees by the recent civil unrest in KZN and parts of Gauteng province. The Group continues to assess the damage caused to its stores and is quantifying losses to be recovered through its insurance policies.

As of today's date, these stores are still not trading while all stores that were temporarily closed due to safety concerns have since reopened. It is not possible at this time to determine the impact on the results for the half year as there is no certainty as to when damaged stores will resume trading.

PRO FORMA INFORMATION

Pro forma management account information for Jet was used in this announcement for illustrative purposes only to provide an indicative turnover growth for the Group and for TFG Africa excluding the acquired Jet stores.

Jet turnover for the period 28 March 2021 to 26 June 2021 relating to the acquired Jet stores was removed as if the acquisition did not take place.

This pro forma information, because of its nature, may not be a fair reflection of the Group's results of operations, financial position, changes in equity or cash flows. There are no events subsequent to the reporting date which require adjustment to the pro forma information.

The pro forma management account turnover numbers used were:

TFG Africa	Q1 FY2022 (April to June 2021)	Q1 FY2021 (April to June 2020)	Growth
	Rm	Rm	%
TFG Africa turnover including Jet	6 802,6	3 277,4	107,6%
Less: Jet turnover [#]	1 202,5		
TFG Africa turnover excluding Jet	5 600,1	3 277,4	70,9%

TFG Africa	Q1 FY2022 (April to June 2021)	Q1 FY2020 (April to June 2019)	Growth
	Rm	Rm	%
TFG Africa turnover including Jet	6 802,6	5 365,6	26,8%
Less: Jet turnover [#]	1 202,5		
TFG Africa turnover excluding Jet	5 600,1	5 365,6	4,4%

Group	Q1 FY2022 (April to June 2021)	Q1 FY2021 (April to June 2020)	Growth
	Rm	Rm	%

Group turnover including Jet	10 014,2	4 899,0	104,4%
Less: Jet turnover [#]	1 202,5		
Group turnover excluding Jet	8 811,7	4 899,0	79,9%

Group	Q1 FY2022 (April to June 2021)	Q1 FY2020 (April to June 2019)	Growth
	Rm	Rm	%
Group turnover including Jet	10 014,2	8 644,7	15,8%
Less: Jet turnover [#]	1 202,5		
Group turnover excluding Jet	8 811,7	8 644,7	1,9%

[#] The adjustment is based on management accounts. The Group is satisfied with the quality and completeness of these unaudited management accounts.

The directors are responsible for compiling the pro forma financial information in accordance with the JSE Limited Listings Requirements and in compliance with the SAICA Guide on Pro Forma Financial Information. The underlying information used in the preparation of the pro forma financial information has been prepared using the accounting policies in place for the year ended 31 March 2021.

Shareholders are advised that the financial information on which this trading update is based has not been reviewed or reported on by the Company's external auditors.

Cape Town
2 August 2021

Sponsor:
UBS South Africa Proprietary Limited